

January Newsletter

2026

Important Reminders

Tax Season Office Hours January 2- April 15th

*Note The 2025 Tax Year Client Packet & Engagement Letter are available on our website at:

<https://www.stephensonwarnercpas.com/client-packet-questionnaire/>

<https://www.stephensonwarnercpas.com/engagement-letter/>

*It takes approximately 30 minutes to fill the packet out on line. Once you start you must finish to save your answers.

West Chester:

Monday – Thursday 8:30- 5:00pm, Friday 8:30am- 4:00pm (This office is closed from Noon – 1pm for lunch daily)

Saturday by Appointment Only

Hamilton:

Monday- Thursday 8:00am- 5:00pm, Friday 8:00am- 4:00pm,

Saturday 8:30am-3:00pm

Oxford:

By Appointment Only

Upcoming dates:

January 15 - 4th quarter installment of 2024 estimated income tax is due for individuals, and businesses.

January 19- Martin Luther King Day

January 23- Ohio Monthly Sales & Use Tax Return and Payment

January 31- File and send forms W-2 and 1099's, United States Quarterly Federal Excise Tax Return

Begin tax filing for 2025

- Organize tax documents (W-2s, 1099s, 1098s and other records)
- Schedule tax appointment for document drop off or meeting

Begin tax planning for 2026

- Create a budget
- Adjust your withholdings
- Rebalance investment portfolios

Happy New Year!

With the holidays behind us, it's time to summarize last year's activities and prepare to file your 2025 tax return. So as you wait to receive the needed documentation, why not consider squeezing in a tax-savings New Year's resolution? This month's newsletter outlines three to consider.

You'll also find guidance on staying organized to prepare for filing your 2026 tax return. This is even more important with recent tax law changes including the tax-free tips and tax-free overtime benefits. There are also articles outlining practical ideas anyone can use plus a look at technology changes that are beginning to show up in everyday life.

As always, should you have any questions, please call. And feel free to forward this information to someone who could use it!

This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us at 513.868.8600.

Happy New Year...Consider These Tax Resolution Ideas

Consider these tax resolution ideas

Every January brings a familiar ritual. We promise to eat better, exercise more, and finally organize the garage. These are fine goals, but if you want a resolution that delivers real, measurable value, fewer taxes paid over your lifetime is about as concrete as it gets. Here are three possible resolutions to consider:

Resolution #1: Maximize use of your retirement accounts

One of the simplest ways to lower your current tax bill is by maximizing contributions to 401(k)s, IRAs and similar accounts. You can also defer taxes by maximizing contributions into 401(k)s and Traditional IRAs or reduce your taxes in the future by considering Roth accounts. Some other great tips:

- Ensure you are taking advantage of catch-up contributions.
- Always contribute to take advantage of any employer matching programs.
- Take full advantage of SEP IRAs as a small business owner.
- Look to create additional accounts, when possible, through spousal retirement accounts or youth accounts when children have earned income.

This resolution can be rich with tax saving ideas.

Resolution #2: I will keep my tax records organized.

If tax season feels like a scavenger hunt through old emails and crumpled receipts, organization should be high on your list. Remember, if you can't support a deduction, you can't take it. This is especially true if you run a small business, if you want to take advantage of things like the new \$1,000 (\$2,000 joint) charitable contribution deduction, or claim the teacher out-of-pocket expense deduction. The same is true with educational expenses.

Resolution #3: Commit to paying health costs tax efficiently

A health savings account (HSA) is one of the most powerful tax saving tools in the tax code. Contributions are often deductible, with earnings on funds in the account usually tax-free. Plus, qualified medical withdrawals are also tax-free. So try to maximize your eligible donation into your HSA each year, including catch-up contributions. Then invest your unused funds to grow tax-free. Leaving the HSA untouched allows it to function like a stealth retirement account. Years down the road, those funds can be used for healthcare costs that almost everyone faces, often with significant tax advantages.

Making taxes a year-round conversation

Taxes are not a once-a-year event. Life changes like income shifts, business activity, investments, or family milestones can all affect your strategy.

This year, choose a resolution that quietly compounds, rewards consistency, and pays you back every April.

It's Tax Time! Ideas to Get Organized

With tax season officially underway, here are several ideas to make filing your return as stress-free as possible:

- **Gather your tax information for filing.** Items you'll need include K-1s, W-2s, 1099s and other forms you receive from your business, employers, brokers, banks, and others. If you find any errors, contact the issuer immediately to request a corrected copy. And if you have tips or overtime income, be prepared to break this income out to take advantage of tax-free savings as this will not necessarily be broken out on your W-2.
- **Organize your records.** Once you've started gathering your information, find a place in your house and put all the documents there as you receive them, or consider scanning documents to store on your computer. You can also take pictures of the documents with your phone as backup. Missing information is one of the biggest reasons filing a tax return becomes delayed.
- **Create an April 15th reminder.** This is the deadline for filing your 2025 individual income tax return, completing gift tax returns, making contributions to a Roth or traditional IRA for 2025, and for paying the first installment of 2026 individual estimated taxes.
- **Know the deadlines for business returns.** If you are a member in a partnership or a shareholder in an S corporation, the deadline for filing business returns for these two entities is March 16th. Calendar-year C corporation tax returns are due by April 15th.
- **Review your child's income.** Your child may be required to file a 2025 income tax return. A 2025 return is generally required if your child has earned more than \$15,750, or has investment income such as dividends, interest, or capital gains that total more than \$1,350.
- **Contribute to your IRA and HSA.** You can still make 2025 IRA and HSA contributions through either April 15th or when you file your tax return, whichever date is earlier. The maximum IRA contribution for 2025 is \$7,000 (\$8,000 if age 50 or older). The maximum HSA contribution is \$4,300 for single taxpayers and \$8,550 for families.
- **Calculate your estimated tax if you need to extend.** If you file an extension, you'll want to do a quick calculation to estimate your 2025 tax liability. If you owe Uncle Sam any money, you'll need to write a check by April 15th even if you do extend.

Five Great Money Tips

Creating a sound financial foundation for you and your family is a great goal. Here are five thoughts that may help.

1. **Pay yourself first.** Treat saving money with the same care you pay your bills. Take a percentage of everything you earn and save it. Using this technique can help build your savings balance and keep you from living paycheck to paycheck.
2. **Know and use the Rule of 72.** You can roughly calculate the number of years compound interest will take to double your money using the Rule of 72. Do this by dividing 72 by your rate of return to estimate how long it takes to double your money. For example, 10% interest will double the investment in 7.2 years; investments with an 8% return will double in nine years. Use this concept to understand the power of saving and investing.
3. **Use savings versus debt for purchases.** Unpaid debt is like compound interest but in reverse. For instance, using a credit card with a 12% interest rate to pay \$1,500 for home appliances costs over \$2,000 if paid back over 5 years. The result is that you have to work harder and earn more to pay for the items you purchase. A better idea may be to save and then buy your dream item.
4. **Understand amortization.** When a bank loans you money, it gives you a specific interest rate and a set number of years to pay it back. Each payment you make contains interest as well as a reduction of the amount owed, called principal. Most of the interest payments are front-loaded, while the last few payments are virtually all principal. Making additional principal payments at the beginning of the loan's term will decrease the amount of interest you pay to the bank and help you pay off the loan more quickly.
5. **Taxes are complex and require help.** Tax laws are complicated. They are made even more complex when the rules change, like this year! Even worse, the IRS is not in the job of telling you when you forget to take a deduction. The best way to stay out of the IRS spotlight AND minimize your taxes is to ask for help.

Tech Breakthroughs You Should Know About

A new wave of technology is quietly reshaping the world. Here are several tech breakthroughs you should know about that are real, rising fast, and ready to impact your life.

Spatial Computing: The Next Digital Frontier

Imagine putting on a pair of glasses and seeing digital objects pop into your real world like a coworker sitting across from you, a 3D model floating in your living room, or step-by-step repair instructions hovering over a broken appliance. This is spatial computing. It's a mix of augmented reality, virtual reality, and motion tracking that lets technology understand physical space like we do. Companies like Apple are already betting big on it, but it's not just for gamers or techies.

What it means for you: *You could soon try on clothes without stepping into a store, design your kitchen in 3D before you remodel, or learn new skills in fully interactive virtual spaces.*

Availability: *Still expensive and not yet mainstream, but real and in use.*

Digital Twins: Virtual Copies That Think Like the Real Thing

A digital twin is a high-tech copy of something real like a building, a car engine, a factory, or even your body, recreated in virtual space and fed real-time data. These virtual versions let engineers, doctors, and city planners test ideas, spot problems, and predict outcomes without ever touching the real thing. Airlines use them to monitor jet engines mid-flight. Hospitals use them to plan surgeries. Entire cities are building digital twins to manage traffic, pollution, and energy use.

What it means for you: *Behind the scenes, digital twins will help make your world run smoother – from shorter wait times at the doctor to fewer traffic jams on your commute.*

Availability: *You're unlikely to use one directly, but cities, hospitals, and industries around you may already be using them.*

Wearable Tech: Smart Devices That Stick With You

Wearable technology has come a long way from step counters and smartwatches. Today's wearables can track your heart rate, stress levels, sleep cycles, hydration, even blood sugar, all from patches, rings, or tiny sensors you barely notice. Some are worn on the skin, others are woven into clothes, and a few are even exploring brainwave monitoring to boost focus or improve sleep. This new wave of wearables isn't just about fitness, it's about full-body awareness and personalized health.

What it means for you: *Your next health checkup might start on your wrist or your skin, helping you catch problems early, manage stress, and optimize how you feel day to day.*

Availability: *More advanced devices like smart tattoos or neural wearables are in R&D or early trials.*

Quantum Computing: The Next Leap in Brainpower

Quantum computers don't think like normal computers. Instead of using bits that are either 0 or 1, they use qubits, which can be both 1s and 0s at once, thanks to the strange rules of quantum physics. This allows quantum machines to explore many possibilities at the same time, making them incredibly powerful for solving complex problems. Scientists are already using them to model new molecules, test climate scenarios, and explore next-gen encryption.

What it means for you: *In the near future, quantum breakthroughs could speed up drug discovery, protect your data with ultra-secure encryption, and help tackle global challenges we can't solve with today's tech.*

Availability: *Most quantum computers still live in research labs, but tech giants are racing to bring them into the real world.*

These technologies aren't science fiction, they're already taking shape. And as they evolve, they'll continue changing how we live, work, and connect.

Raising a Financially Savvy Child

If you have children or grandchildren, you have an opportunity to give them a jump-start on their journey to becoming financially responsible adults. While teaching your child about money and finances is easier when you start early, it's never too late to impart your wisdom. Here are some age-relevant suggestions to help develop a financially savvy young adult:

- **Preschool –Start by using dollar bills and coins to teach them what the value of each is worth.** Even if you don't get into the exact values, explain that a quarter is worth more than a dime and a dollar is worth more than a quarter. From there, explain that buying things at the store comes down to a choice based on how much money you have (you can't buy every toy you see!). Also, get them a piggy bank to start saving coins and small bills.
- **Grade school –Consider starting an allowance and developing a simple spending plan.** Teach them how to read price tags and do comparison shopping. Open a savings account to replace the piggy bank and teach them about interest and the importance of regular saving. Have them participate in family financial discussions about major purchases, vacations and other simple money decisions.
- **Middle school –Start connecting work with earning money.** Start with activities such as babysitting, mowing lawns or walking dogs. Open a checking account and transition the simple spending plan into a budget to save funds for larger purchases. If you have not already done so, now is a good time to introduce the importance of donating money to a charitable organization or church.
- **High school –Introduce the concept of net worth.** Help them build their own by identifying their assets along with their current and potential liabilities. Work with them to get a part-time job to start building work experience, or to continue growing a business by marketing for more clients. Add additional expense responsibility by transferring direct accountability for things like gas, lunches and the cost of going out with friends. Introduce investing by explaining stocks, mutual funds, CDs, and IRAs. Talk about financial mistakes and how to deal with them when they happen by using some of your real-life examples. If college is the goal after high school, include them in the financial planning decisions. Tie each of these discussions into how it impacts their net worth.
- **College –Teach them about borrowing money and all its future implications.** Explain how credit cards can be a good companion to a budget but warn them about the dangers of mismanagement or not paying the bill in full each month. Discuss the importance of their credit score and how it affects plans like renting or buying a house. Talk about retirement savings and the importance of building their retirement account.

Knowing about money – how to earn it, use it, invest it, and share it – is a valuable life skill. Simply talking with your children about its importance is often not enough. Find simple, age-specific ways to build their financial IQ. A financially savvy child will hopefully lead to a financially wise adult.

Improving the Usefulness of Your Bookkeeping

If you are just starting a business or have been in one for a while, you quickly understand the importance of keeping good records. And as a financial person, having an owner that understands the basics of great bookkeeping makes it so much easier to help that owner understand what those books are telling him or her. So on that front, presented here are four keystone bookkeeping concepts that are worthy of discussion.

- **Selecting the proper accounting method.** There are two different methods for recording transactions: cash-basis and accrual-basis. In general, the cash-basis method records a transaction when a payment is made or cash is received, while the accrual-basis method records the transaction upon delivery of the good or service, either as a sale or as a cost. Small businesses often use cash-basis as it is easier to track. Larger businesses who buy from vendors on account (accounts payable) generally use accrual-basis accounting. The key is to understand what method your business uses and whether it uses the same method for your books as it does on your tax return. The IRS allows the cash basis method for tax purposes for the majority of small businesses, but once a choice is made, it can only be changed with proper reporting to the IRS.

***Things to consider:** How important is the matching principle to your business? This aligns revenue with related costs to get a clean picture of interim profitability. If this is important, accrual might be best. What about the importance of cash flow? If high, using cash basis will get you answers more quickly.*

- **Create an account structure that fits the company.** The main types of accounts in a business are assets, liabilities, equity, income, cost of goods sold, and other expenses. Each group will often have numerous accounts and sub-accounts associated with them. Having the right mix of accounts, created and grouped in an organized fashion, will help you properly classify transactions and prepare usable financial statements.

***Things to consider:** If there is little activity in an account, consider summarizing it with other like items. Know why you need an account before you create it...to make business decisions? to compare to last year? for tax reasons?*

- **Enter accurate and timely transactions.** The value your data provides is dependent on each transaction being recorded correctly and on time. Entering transactions in the wrong account can cause major issues down the road. Financial reporting that is delayed can hide problems that need immediate attention. Some transactions are relatively straightforward, and some are more complex (like payroll, accruals, and deferrals).

***Things to consider:** Conduct a flash report the first day of each month. This will get the ball rolling.*

- **Establish financial statements for decision-making.** The purpose of your statements should be to help you run your business and make decisions. For the bank, it's to see if you are a great risk to lend money. To the government, it's to pay taxes. Or for the prospective buyer, to value your company's worth.

***Things to consider:** Really understand the three key financial statements (income statement, balance sheet, and statement of cash flows). Know how they inter-relate and understand how to read them to make better decisions. What key accounts are the drivers of your business? What is the bank looking at?*

If properly executed, your bookkeeping system will create accurate financial statements that can be used to make key financial decisions. Feel free to call with any questions or to discuss bookkeeping solutions for your business.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

HAPPY NEW YEAR!!

